


DATE: December 7, 2022

TO: ARWDB Executive Committee

FROM: Rob LeBeau, Director 

SUBJECT: **PROPOSED ACTION – Approval of the Living Wage Policy Update**

CC: Henry Charlot, Business Services Manager

Requested Action (What)

To approve changes to the minimum wage for Work-Based Learning programs. The rate currently stands at \$15.00 per hour. An increase to \$17.00 per hour is recommended by staff, and the Business Services Committee recommends this rate with other changes as detailed below.

Reason (Why)

WIOA incentivizes employers to meet their workforce needs and offer opportunities for workers to learn with increased reimbursement rates for on-the-job and other work-based training programs. In addition, Georgia targets in-demand occupations that pay an above average entry-level wage, which are considered strong options for pursuing a successful career. As such, local workforce boards are empowered to determine which jobs and training programs it will support financially. Mandating a living wage supports overall Federal, State, and local workforce and economic development goals and objectives. The ARWDB has reviewed and adjusted its Living Wage Policy annually since 2016. The MIT Living Wage Calculator has been used as the basis for adjustment. The rate is the amount that an individual working full time would need to support themselves. The MIT rate for metro Atlanta currently stands at \$18.37.

Timeframe (When)

The policy will go into effect immediately after approval for any new work-based learning contracts written until the policy is next updated.

Impact (Who and How Much)

Both the companies who use our programs and the trainees that are hired are impacted. The policy supports a living wage, and strategically targets jobs that pay at least this much. Low wage jobs with limited career paths are not supported. Though companies are required to pay a minimum amount, it is noted that the market rate is typically higher than our required minimum for most occupations.

Recommendation

The Business Services Committee was asked to consider a lower rate than the MIT calculator when last reviewed in October 2021. The concern was that a substantially increased rate would cause additional hiring difficulty while companies were adjusting to COVID labor market conditions. The impact on smaller businesses was of particular concern. In consideration of the request, the committee wanted to ensure that there was a rationale and justification for departing from our usual basis for adjustment (the MIT rate), so that the decision was not subjective. The Business Services Committee voted in favor of adjusting the rate to \$15 per hour, as an interim step over the next year, with the intent to raise it to the MIT rate over time. The Business Services team notes similar concerns this year with moving all the way up to the MIT rate of \$18.37. Most of our current OJT companies are paying between \$15-\$18, with only one at \$20 per hour. Staff recommends an increase to \$17, which moves toward the MIT standard as intended by the Committee, while still not hampering the hiring by companies in a tight labor market.

A related consideration is that if the rate is increased, the per participant maximum should also be increased from the current \$5,000 to \$7,000 to maintain a positive program benefit. In summary, the Business Services staff recommendation is:

1. Increase the minimum rate for work-based learning program participation from the current \$15 to \$17 per hour
2. Increase the per participant maximum benefit from \$5,000 to \$7,000.
3. Increase the maximum OJT contract to \$35,000 to accommodate the increased per participant benefit, while holding the number of participants constant at five (5).

This matter was considered by the Business Services Committee at its meeting on October 3 and recommends adoption of the above changes.

END